



Auto Consumer Alliance

13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

**Testimony to the Senate Finance Committee
SB 565 – Public Safety – Emergency Management –
Price Gouging Consumer Protections
Position: Favorable**

The Honorable Delores G. Kelley
Senate Finance Committee
3 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

Feb. 24, 2022

Honorable Chair Kelley and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works to foster safety, transparency, and fair treatment for Maryland drivers and car buyers.

Consumer Auto supports **SB 565** because it will give consumers some protection against the kind of price gouging we saw during the early months of the pandemic – and which we seem to see regularly when our area suffers a significant set of emergency conditions.

In the early months of the pandemic in 2020, consumers suffered from sharp – and sometimes predatory – run-ups in prices for basic goods and pandemic necessities like hand sanitizer, cleaning supplies, and toilet paper. The Attorney General's Office received hundreds of complaints about such practices. After the legislature acted to grant it emergency authority to do so, the Attorney General's Office moved to warn more than 100 businesses to stop price-gouging.

Reports of price gouging were also widespread following the cyber-attack on the Colonial Pipeline last June, after the disruptions caused by SuperStorm Sandy in Oct. 2012 and when gas prices soared after Hurricane Katrina hit the Gulf Coast in August 2005, among other cases.

Yet while at least 29 states have laws limiting price gouging in an emergency, Maryland still does not. And since the emergency authority to limit price gouging the legislature authorized in 2020 has lapsed, Maryland consumers may have few legal protections when the next emergency strikes.

By limiting price hikes for basic goods and services to 10% (in most cases) during and for 90 days after a state of emergency, this legislation would set reasonable limits on predatory pricing practices that can hurt and exploit vulnerable people in times of trouble. Of course there may be circumstances when shortages of labor, materials, or other issues caused by an emergency may justify larger price hikes. This legislation does permit larger price hikes in those situations – and mandates that businesses will have at least 20 days to respond to a price-gouging complaint.

That's a fair way to protect consumers against exploitive pricing during an emergency situation. We support **SB 565** and ask you to give it a **FAVORABLE report**.

Sincerely,
Franz Schneiderman
Consumer Auto